

WIC 04-314

READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICE

Approved by OMB  
3060-0589  
Page 1 of 1

(1) LOCK BOX # <b>358145</b>		<b>FCC/MELLON JUL 28 2004</b>			
<b>SECTION A - PAYER INFORMATION</b>					
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) <b>Patton Boggs LLP</b>			(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) <b>\$1720.00</b>		
(4) STREET ADDRESS LINE NO. 1 <b>2550 M Street, N.W.</b>					
(5) STREET ADDRESS LINE NO. 2					
(6) CITY <b>Washington</b>			(7) STATE <b>D.C.</b>	(8) ZIP CODE <b>20037</b>	
(9) DAYTIME TELEPHONE NUMBER (include area code) <b>(202) 457-5292</b>			(10) COUNTRY CODE (if not in U.S.A.)		
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>					
(11) PAYER (FRN) <b>0006-0361-80</b>					
<b>IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET</b>					
(13) APPLICANT NAME <b>Evercom Systems, Inc.</b>					
(14) STREET ADDRESS LINE NO. 1 <b>8201 Tristar Drive</b>					
(15) STREET ADDRESS LINE NO. 2					
(16) CITY <b>Irving</b>			(17) STATE <b>TX</b>	(18) ZIP CODE <b>75063</b>	
(19) DAYTIME TELEPHONE NUMBER (include area code) <b>(972) 988-3737</b>			(20) COUNTRY CODE (if not in U.S.A.)		
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>					
(21) APPLICANT (FRN) <b>0006-2223-19</b>					
<b>COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET</b>					
(23A) CALL SIGN/OTHER ID <b>ITC-214-19991115-00713</b>		(24A) PAYMENT TYPE CODE <b>CUT</b>		(25A) QUANTITY <b>1</b>	
(26A) FEE DUE FOR (PTC) <b>\$860.00</b>		(27A) TOTAL FEE <b>\$860.00</b>			
(28A) FCC CODE 1		(29A) FCC CODE 2			
(23B) CALL SIGN/OTHER ID <b>Domestic 214</b>		(24B) PAYMENT TYPE CODE <b>CUT</b>		(25B) QUANTITY <b>1</b>	
(26B) FEE DUE FOR (PTC) <b>\$860.00</b>		(27B) TOTAL FEE <b>\$860.00</b>			
(28B) FCC CODE 1		(29B) FCC CODE 2			
<b>SECTION D - CERTIFICATION</b>					
<b>CERTIFICATION STATEMENT</b> I, <u><b>Paul C. Besozzi</b></u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE <u><i>Paul C. Besozzi</i></u> DATE <u><i>July 27, 2004</i></u>					
<b>SECTION E - CREDIT CARD PAYMENT INFORMATION</b>					
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____					
ACCOUNT NUMBER _____			EXPIRATION DATE _____		
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.					
SIGNATURE _____			DATE _____		



2550 M Street, NW  
Washington, DC 20037-1350  
202-457-6000

Facsimile 202-457-6315  
[www.pattonboggs.com](http://www.pattonboggs.com)

July 28, 2004

Paul C. Besozzi  
(202) 457-5292  
[pbsozzi@pattonboggs.com](mailto:pbsozzi@pattonboggs.com)

**VIA COURIER**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
c/o Mellon Client Service Center  
500 Ross Street -- Room 670  
Pittsburgh, Pennsylvania 15262-0001

Re: Evercom Systems, Inc.  
Joint Application For Expedited Approval Of Indirect Transfer of Control of Domestic  
and International Section 214 Authority

Dear Ms. Dortch:

Enclosed is FCC Form 159 and a check made payable to the Commission in the amount of \$1,720.00. This fee is being filed in connection with the Joint Application for Expedited Approval of Indirect Transfer of Control of Domestic and International Section 214 Authority.

Please date stamp the "stamp-in" copy as received and return it to me via the courier.

Sincerely,  
  
Paul C. Besozzi

Enclosures

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

\_\_\_\_\_  
In the Matter of )

EVERCOM SYSTEMS, INC., )  
EVERCOM HOLDINGS, INC. )

and )

TZ HOLDINGS, INC. )

Application for Authority pursuant )  
to Section 214 of the Communications )  
Act of 1934, as amended, for Expedited )  
Approval of the Indirect Transfer of )  
Control of the Domestic and International )  
Section 214 Authority of Evercom )  
Systems, Inc. to TZ Holdings, Inc. )  
\_\_\_\_\_ )

File No. \_\_\_\_\_

**JOINT APPLICATION FOR EXPEDITED APPROVAL OF INDIRECT  
TRANSFER OF CONTROL**

Comes now Evercom Systems, Inc. ("ESI"), Evercom Holdings, Inc. ("EHI"), and TZ Holdings, Inc. ("TZ") (collectively the "Applicants"), acting through counsel and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. §214, and Sections 63.04 and 63.18 of the Commission's Rules, 47 C.F.R. §§63.04, 63.18 (2004), to request approval, on an expedited basis, of the indirect transfer of control of ESI's domestic and international Section 214 authority through a merger transaction involving its current ultimate parent EHI and TZ as described below. In connection with this proposed indirect transfer of control, Applicants include herein, to the extent

applicable, the information requested pursuant to Sections 63.18(a)-(p) and 63.04(a)(6) through (a)(12) of the Commission's rules, 47 C.F.R. §§63.18, 63.04(a)(6)-(12). *See* Sections VI and VII, below.

## **I. STREAMLINED PROCESSING**

1. This application is entitled to streamlined processing under Sections 63.12(a) and (b) because (a) ESI is not affiliated with a foreign carrier as described in Section 63.12(c)(1) and (b) it is not affiliated with a dominant U.S. carrier whose services it seeks to resell as described in Section 63.12(c)(2) and (c) for the additional reasons set forth in Section VI below.

2. This application is entitled to streamlined processing under Section 63.04(b)(8) and under Section 63.03(b)(2)(ii) of the Commission's Rules because (a) the proposed transfer would result in the transferee having a market share in the interstate, interexchange market of less than 10 percent, (b) the transferee would provide competitive telephone exchange services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and (c) neither of the applicants is dominant with respect to any service.

## **II. THE APPLICANTS**

3. ESI is authorized to provide domestic interstate and international services as a non-dominant carrier ("the Services"). With respect to international services, ESI currently holds an International Section 214 Certificate to provide global international facilities-based and resale services between the United States and international points. *See* ITC 214-19991115-00713.

4. ESI is currently a privately-owned subsidiary of Evercom, Inc. ("EI"), which is a State of Delaware corporation, with its primary headquarters located at 8201 Tristar Drive, Irving, TX 75063, Phone: (972) 953-4123, Fax: (972) 953-4289. All of the EI stock is held by EHI, a Delaware corporation. EHI is privately owned, with its principal shareholders being private investment partnerships. Neither EI nor EHI are providers of telecommunications services.

5. TZ is a State of Delaware corporation with its primary offices located at 1001 Brickell Bay Drive, 27<sup>th</sup> Floor, Miami, Florida 33131. TZ is currently a majority-owned subsidiary of H.I.G.-TNetix, Inc., an affiliate of H.I.G. Capital, LLC ("HIG"), a Miami-based private equity firm.

### **III. DESCRIPTION OF THE PROPOSED TRANSACTION**

6. **General Description Of Merger Agreement** – EHI has entered into a merger agreement, dated July 10, 2004, with (a) TZ and (b) New Mustang Acquisition, Inc. ("Mustang"), another State of Delaware corporation which is a wholly-owned subsidiary of TZ ("Agreement"). A detailed description of the terms of the Agreement are set out below, but upon the completion of the proposed transaction EHI will be a wholly-owned subsidiary of TZ.

7. **Details of Transaction** – The description of the merger below outlines the following:

- a. The current ownership structure of ESI and its affiliates.
- b. The acquiring entities involved in the merger.
- c. The merger process.
- d. The resulting ownership structure of ESI and its affiliates.

a. **Current Ownership** – As noted previously, EHI is a Delaware corporation, which is the sole shareholder of EI, also a Delaware corporation. EI has three wholly-owned, direct subsidiaries that are all Delaware corporations – ESI, Everconnect, Inc. and FortuneLinx, Inc. ESI has no other affiliated entities. For purposes of this Application only ESI is relevant because it is the entity authorized by this Commission to provide the Services and the only EHI-related entity providing those or any other telecommunications services. **Attachment A** hereto shows the existing ownership structure of ESI.

b. **Acquiring Entities** – Under the terms of the proposed transaction, TZ will hold all of the stock of EHI. TZ will be majority-owned by H.I.G.-TNetix, Inc., an affiliate of HIG, a Miami-based private equity firm. Investors in HIG include leading financial institutions, insurance companies, pension funds and university endowments. TZ is a holding company with no other operational purpose other than to hold ownership interests in various enterprises in which HIG has invested.<sup>1</sup> Neither TZ nor HIG are direct providers of certificated telecommunications services.

c. **The Merger Process** – The proposed transfer will be accomplished through a merger process which will include the following steps:

(i) TZ has formed a wholly-owned subsidiary Mustang, a Delaware corporation. Mustang was formed solely for the purpose of effecting the proposed merger and upon its completion will be merged out of existence.

(ii) Mustang shall merge with and into EHI in accordance with Delaware law, with the surviving corporation being EHI, which will operate under the Certificate of Incorporation and Bylaws previously adopted by Mustang.

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<sup>1</sup> The Commission has previously-approved TZ as a controlling entity of a certificated telecommunications provider in WC Docket No. 04-47, DA 04-1094 (rel. Apr. 26, 2004), relating to the transfer of control of T-NETIX, Inc.

(iii) As part of the merger of EHI into Mustang, all of the current stock and stock options of EHI shall be converted or retired by virtue of the merger. Such retirement or conversion will be accomplished through TZ's purchase, under the terms of the merger agreement, of the existing EHI stock or options from the current shareholders, and the former EHI treasury stock will be retired.

(iv) Simultaneous with the closing of the merger, certain former stockholders of EHI will acquire certain stock of TZ in an aggregate amount so that the ratio of TZ common stock owned by HIG (or its affiliates) to TZ common stock owned by such former EHI stockholders is not greater than 65:35 immediately after giving effect to the merger.

d. **The Resulting Ownership Structure** – Upon completion of the merger, the current existing, intercorporate relationships between ESI, EI and EHI shall remain totally unchanged. However, EHI will become a wholly-owned subsidiary of TZ, which will be majority controlled by H.I.G.-TNetix, Inc., an affiliate of HIG, a Miami-based private equity firm. **Attachment B** hereto shows the post-merger-closing ownership structure of ESI.

8. **Transparency Of Transaction** – ESI shall remain a separately certificated entity through which the retail services shall continue to be provided. The transaction will be transparent to the customers of ESI. There will be no immediate changes in the terms and conditions of the services provided by ESI. ESI will continue to market, brand and bill its services as it has been doing. There are no current definitive plans to change the management structure of ESI.

#### **IV. CONTACT FOR APPLICATION**

9. The contact person for any questions regarding this Application shall be Paul C. Besozzi of the law firm of Patton Boggs LLP, 2550 M Street, N.W., Washington, D.C, 20037, Telephone Number: 202-457-5292, Facsimile Number: 202-457-6315, Electronic Mail Address: pbesozzi@pattonboggs.com.

#### **V. PUBLIC INTEREST REASONS FOR GRANT**

10. This transaction is non-controversial and will be transparent and seamless to all customers of ESI. There will be no changes in rates, terms or conditions of ESI's services as part or as a result of this transaction; those services will continue on their current basis. In addition, the management and relevant contact information for ESI will remain the same as the Commission's records currently reflect.

11. This transaction will provide ESI with potential access to the substantial financial assets of TZ and HIG. In addition, under the financing of the transaction, it will eliminate the secured borrowings of ESI itself. The completion of the transaction will help ESI to continue to provide services to its customers and potentially expand or enhance those services at new facilities.

#### **VI. ADDITIONAL REQUIRED INFORMATION PURSUANT TO SECTION**

##### **63.18**

12. Pursuant to Section 63.18, Applicants submit the following information required by that provision in support of this Application:

(a) Name, address and telephone number of each Applicant:



Transferors:

Evercom Systems, Inc.  
Evercom Holdings, Inc.  
8201 Tristar Drive  
Irving, TX 75063  
Phone: (972) 953-4123  
Fax: (972) 953-4289

Transferee:

TZ Holdings, Inc.  
1001 Brickell Bay Drive  
27<sup>th</sup> Floor  
Miami, Florida 33131

(b) State of incorporation of Applicants:

ESI, EHI, and TZ are Delaware corporations.

(c) Correspondence concerning this application should be sent to Paul C. Besozzi at the address provided in Section III of this Application.

(d) ESI holds an international Section 214 authorization to provide global facilities-based and global resale services (see File No. ITC-214-19991115-00713) and is authorized to provide domestic interstate services pursuant to Section 63.01 of the Commission's rules. Another indirect wholly-owned subsidiary of TZ, T-NETIX, Inc. currently holds similar authorizations.

(e) By this Application, Applicants seek authority for a transaction that will result in the indirect transfer of control of ESI's international Section 214 authority to TZ.

(f) No response required.

(g) Not applicable.

(h) Name, Address, Citizenship and Principal Business of Owners with 10% or Greater Direct or Indirect Ownership Interest in ESI:

Following the close of the transaction, the following will hold a 10% or greater interest in ESI:

Name & Address	% Equity	Citizenship	Principal Business
Evercom, Inc. 8201 Tristar Drive, Irving, TX 75063	100%	Delaware corporation	Hold stock of subsidiaries

Evercom, Inc. will be wholly-owned by Evercom Holdings, Inc.:

Name & Address	% Equity	Citizenship	Principal Business
Evercom Holdings, Inc. 8201 Tristar Drive, Irving, TX 75063	100%	Delaware corporation	Hold stock of Evercom, Inc.

Evercom Holdings, Inc. will be wholly-owned by TZ Holdings, Inc.:

Name & Address	% Equity	Citizenship	Principal Business
TZ Holdings, Inc. 1001 Brickell Bay Drive, 27 <sup>th</sup> Floor Miami, Florida 33131	100%	Delaware corporation	Hold stock of subsidiaries

Following the close of the transaction, the following will hold a 10% or greater interest in TZ Holdings, Inc.:

Name & Address	% Equity	Citizenship	Principal Business
H.I.G.-TNetix, Inc. 1001 Brickell Bay Drive, 27 <sup>th</sup> Floor Miami, Florida 33131	Up to 65% <sup>2</sup>	Delaware corporation	Holds stock of subsidiaries
Alexander Enterprise Holdings Corp. 801 Brickell Avenue Miami, Florida 33180	Up to 20%	Delaware corporation	Investments

<sup>2</sup> The precise majority percentage will depend upon the exercise of subscription rights held by certain former stockholders in EHI, of which Alexander Enterprise Holding Corp. is one. However, no other such stockholder is expected to have a 10% or greater interest in TZ as a result of the exercise of such rights.

Following the close of the transaction, the following owners of H.I.G.-TNetix, Inc. will hold a 10% or greater attributable interest in TZ Holdings, Inc.:

Name & Address	% Equity	Citizenship	Principal Business
H.I.G. Capital Partners III, L.P.	Owens 86.7% of H.I.G. TNetix, Inc.	Delaware limited partnership	private equity investment fund

H.I.G. Capital Partners III, L.P. is a private investment fund organized as a limited under partnership organized under the laws of the State of Delaware ("HIG CP III") that makes investments identified by its affiliates, including H.I.G. Capital, LLC. HIG CP III has \$392.3 million of committed capital. The committed capital of HIG CP III represents commitments of limited partners of HIG CP III; in accordance with Delaware law, limited partners do not participate in the control of the business.

Other than the foregoing, following the transaction, no other person or entities will directly or indirectly own ten percent (10%) or more of the equity of Applicants. Applicants have no interlocking foreign directorates with a foreign carrier.

(i) Applicants certify that they are not, and subsequent to the transaction will not be, affiliated with any foreign carrier.

(j) Applicants certify that they do not seek authority to provide service to any country described in paragraphs (1) through (4) of Section 63.18(j).

(k) Not applicable.

(l) Not applicable.

(m) Not applicable.

(n) Applicants certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route

where the foreign carrier possesses market power on the foreign end of the route and will not enter into any such agreements in the future.

(o) Applicants certify pursuant to Section 1.2001 through 1.2003 of the Commission's rules, 47 C.F.R. Sections 1.2001 – 1.2003, that no party to the Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(p) This international Section 214 application qualifies for streamlined processing pursuant to Section 63.12 because Applicants are not affiliated with any foreign carriers; will not through the proposed transaction become affiliated with any foreign carriers; are not affiliated with any dominant U.S. carriers whose international switched or private line services Applicants seek to resell; and do not seek authority to provide switch based service over private lines to a country for which the Commission has not previously authorized the provisions of switched services over private lines. This Application should therefore be granted, according to Section 63.12(a), fourteen (14) days after the date of the public notice listing the Application as accepted for filing.

#### **VII. ADDITIONAL REQUIRED INFORMATION PURSUANT TO SECTION 63.04**

13. Pursuant to Section 63.04 of the Commission's Rules, 47 C.F.R. §63.04, Applicants further request authority for the indirect transfer control of ESI's blanket domestic Section 214 authority from EHI to TZ. Applicants are filing a joint application to assign the domestic and international authorizations pursuant to Section 63.04(b) of the Commission's rules, 47 C.F.R. §63.04(b). Applicants provide the following further information in support of their request:

**63.04(b)(6): Description of the Transaction**

The proposed transaction is described in Section III, *supra*.

**63.04(b)(7): Description of Geographic Service Area and Services in Each Area**

ESI provides domestic interstate and international services as part of inmate calling services and public payphone services which it provides principally to or at confinement facilities, in the jurisdictions listed on Attachment C.

**63.04(b)(8): Qualification for Streamlined Processing**

This Application is entitled to streamlined processing under Section 63.03(b)(2)(ii) of the Commission's Rules because (a) the proposed transfer would result in the transferee having a market share in the interstate, interexchange market of less than 10 percent, (b) the transferee would provide competitive telephone exchange services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and (c) neither of the Applicants is dominant with respect to any service.

**63.04(b)(9): Other Pending Commission Applications Concerning the Proposed Transaction**

There are no other applications pending before the Commission concerning the proposed transaction

**63.04(b)(10): Special Consideration**

None.

**63.04(b)(11): Waiver Requests (If Any)**

None.

**63.04(b)12): Public Interest Statement**

The proposed transaction is in the public interest for the reasons detailed in Section V, supra.

**VIII. REQUEST FOR EXPEDITED TREATMENT**

14. ESI, EHI and TZ are requesting expedited approval of this Application. As noted above, it is non-controversial and transparent to ESI's customers. For the other reasons outlined above it is in the public interest. The parties seek to consummate this transaction as soon as possible, but in any case no later than mid-September 2004. Therefore, ESI, EHI and TZ respectfully request expedited action to ensure that date can be met.

**WHEREFORE**, ESI, EHI and TZ respectfully request that the Commission approve this Application on an expedited basis so that EHI may consummate the contemplated transactions as soon as possible.

Respectfully submitted,

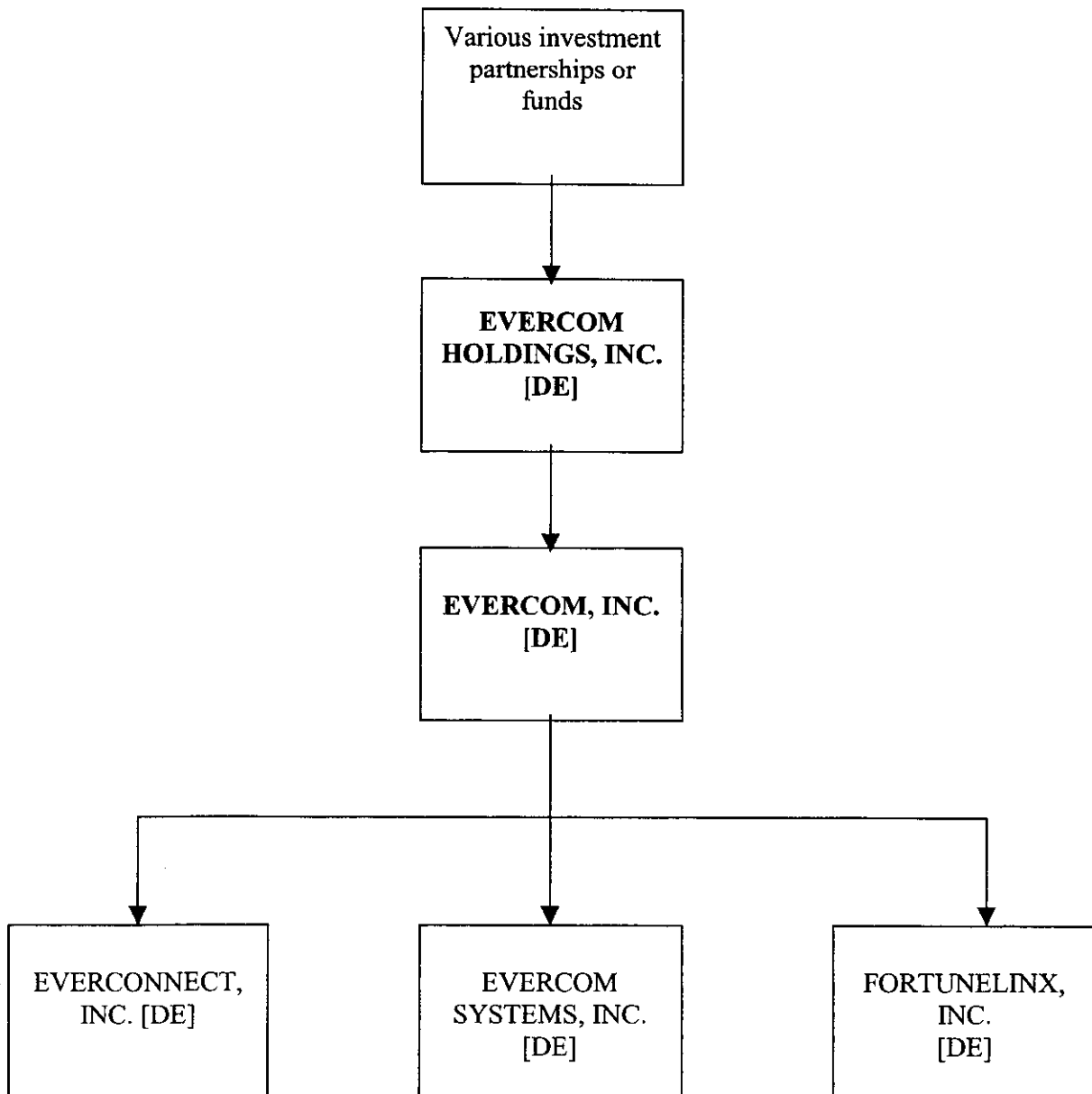
**EVERCOM SYSTEMS, INC.,  
EVERCOM HOLDINGS, INC. and  
TZ HOLDINGS, INC.**

By 

Paul C. Besozzi  
Patton Boggs LLP  
2550 M Street, N.W.  
Washington, DC 20037  
(202) 457-5292  
pbsozzi@pattonboggs.com

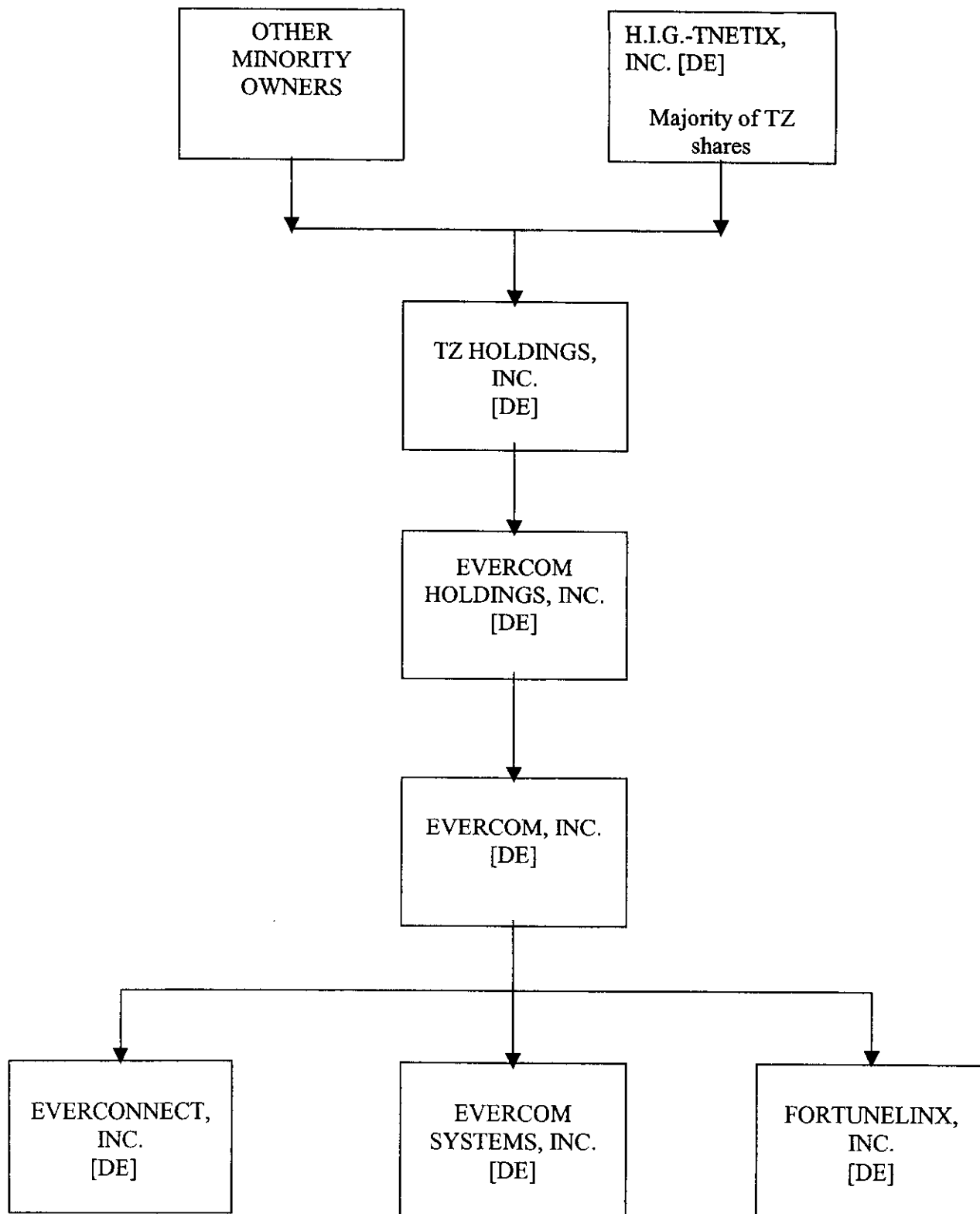
Dated: July 26, 2004

**ATTACHMENT A**





**ATTACHMENT B**



**ATTACHMENT C**

## **Geographic Locations**

ESI currently operates in the following jurisdictions:

Alabama  
Alaska  
Arizona  
Arkansas  
California  
Colorado  
Florida  
Georgia  
Idaho  
Illinois  
Indiana  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maryland  
Massachusetts  
Michigan  
Minnesota  
Mississippi  
Missouri  
Montana  
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New Jersey  
New Mexico  
New York  
North Carolina  
Ohio  
Oklahoma  
Oregon  
Pennsylvania  
South Carolina  
South Dakota  
Tennessee  
Texas  
Utah  
Virginia  
Washington  
Washington, D.C.  
West Virginia  
Wisconsin  
Wyoming

VERIFICATION

I, Jennifer P. Gaines, am the Secretary of Evercom Holdings Inc.

The foregoing Application has been prepared pursuant to my direction and control and I have reviewed its contents. The factual statements and representations made therein by and concerning Evercom Systems, Inc. and Evercom Holdings, Inc. and the transactions described therein are true and correct to the best of my knowledge and belief.

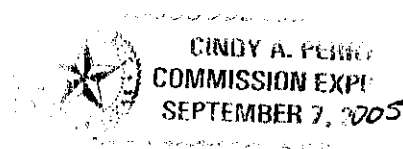
J.P. Gaines  
Name: Jennifer Pinckley Gaines  
Title: Secretary

County of Dallas )  
State of Texas )

Subscribed and sworn to before me by Jennifer P. Gaines this 24th day of July, 2004.

Cindy A. Perry  
Notary Public

My Commission Expires: 9-7-2005



VERIFICATION

I, Lewis Schoenwetter, am the Secretary of TZ Holdings, Inc. The factual statements and representations made in the foregoing Application by and concerning TZ Holdings, Inc. and the transactions described therein are true and correct to the best of my knowledge and belief.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

County of Dade )  
State of Florida )

Subscribed and sworn to before me by Lewis Schoenwetter this 26 day of July, 2004.



Eillen Rodriguez  
My Commission CC972601  
Expires October 03, 2004

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_